



Crop Loss Disaster Assistance Program

Sign-up for the Crop Loss Disaster Assistance Program ends April 9, 1999.

Background

The Agriculture, Rural Development, Food and Drug Administration, and Related Appropriations Act of 1999 included \$1.5 billion for emergency financial assistance to farmers who suffered losses in 1998 due to natural disasters and \$875 million for multi-year losses

Types of Assistance

Farmers are eligible for compensation either for losses suffered to the 1998 crops (single-year) or losses in any three or more crop years between 1994 and 1998 (multi-year). Farmers can receive payments under either the single year or multi-year provisions, but not both, and USDA will make payments at the higher of the two levels.

USDA will use an estimated \$400 million as incentive payments to all farmers to purchase higher levels of crop insurance for their 1999 crops.

Eligible Crops

The **1998 single year** provision of this program covers all crops, as follows:

- **Insured crops** - crops insured by either catastrophic (CAT) or buy-up (coverage of 50/100 or greater) crop insurance;
- **Uninsured crops** — crops for which crop insurance was available, but not taken; and
- **Noninsurable crops** — crops for which crop insurance was not available.

The **multi-year** provisions of this program cover **both insured** crops and **noninsurable crops**.

As a condition of receiving benefits under this program, producers who did not insure 1998 crops are required to purchase crop insurance in 1999 and 2000 for all insurable crops of economic significance.

Payment Calculation

Payments under both the single-year and multi year programs are limited to \$80,000 per "person."

For **1998 single-year** losses, farmers will be compensated if their losses exceed 35 percent of historic yields. The payment formulas below provide greater benefits to farmers who bought insurance on their eligible crops.

- Farmers with eligible losses of **insured** crops will be compensated at **65 percent** of crop insurance market price elections.
- Farmers with eligible losses to **uninsured** crops will be compensated at **60 percent** of the crop insurance market price elections.
- Farmers with eligible losses to **noninsurable** crops will be compensated at **65 percent** of the 5-year average National Agricultural Statistics Service (NASS) price. Noninsured Crop Disaster Assistance (NAP) area loss triggers will not apply.

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Historic yields will be based on the higher of the 5-year NASS county average yield, or the crop insurance APH yield, or the NAP approved yield.

Multi-Year Losses

Under the multi-year provisions of this program, USDA will compensate **insured** farmers with losses in 3 or more years from 1994 through 1998 with an additional payment equal to **25 percent** of insurance claim payments made during that period.

USDA will compensate farmers with eligible losses of **noninsurable** crops with an additional payment equal to **25 percent** of their NAP payments from 1995 through 1998. Since there was no NAP in 1994, USDA will include 1994 ad hoc disaster payments for noninsurable crops in calculating payments.

Adjustments and Limits to Benefits

Payments to farmers will be prorated after all applications are reviewed in order to stay within the program's requirements and budget. No farmer will receive more than \$80,000 under this program nor more than \$80,000 in crop insurance incentive. No one with an annual gross income of \$2.5 million or more is eligible.

When and where to Apply

Sign-up ends April 9, 1999. Farmers should contact their local USDA Service Center or FSA office at that time for more information. Crop loss payments will be made in early spring after all claims information has been processed and factors applied. To get a crop insurance premium discount, farmers should contact a crop insurance agent. FSA offices have a list of agents.

Further information is available at local FSA offices and USDA Service Centers. These are usually listed in telephone books under "United States Government, U.S. Department of Agriculture." You may also obtain information from FSA's Home Page at : **www.fsa.usda.gov**

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